

tions or motives, I say they must take one of three courses. There is no alternative left to them. They may either say: Cease sending troops to the front; and I do not understand them to say that. They may as an alternative suggest another method of supplementing our revenues, so as to meet the situation with which we are confronted. Or, if they are sincere in their statements that they desire to co-operate with the Government in prosecuting this war, they must concur in the proposals of the Government. **There is no escape from those three positions.**

In addition to borrowing the \$100,000,000 from the Imperial Government, I shall have to borrow during the coming year the difference between \$120,000,000 and \$200,000,000, or raise a part of it by revenue; and I propose to raise a part by revenue, and borrow the balance. Does my hon. friend think that, at a time when I am increasing the national debt by borrowing \$100,000,000 for war, I should not have had regard at all to the fact that I shall have to borrow \$50,000,000 or \$60,000,000 in the open market, and further increase to that extent the national debt of this country? What would my successor in office say if I adopted the weak financial policy of saying there shall be no increase in taxation; we will not face our situation at all; we will borrow all the money? I doubt very much if we would be permitted to borrow on the London market unless we showed as a matter of fact that we were prepared to shoulder a portion of our expenditures for this coming year.

No proposal has been put forward as an alternative to the fiscal measures I introduced here for the purpose of supplementing the revenue. There is the situation which exists, and the facts cannot be controverted. This government, on account of the war, as I showed conclusively this afternoon, is face to face with a situation in which there is a difference, a gap, between estimated revenue on the old basis and expenditure of no less a sum than \$180,000,000, of which I shall borrow \$100,000,000 from the Imperial Government.

WHERE IS THEIR ALTERNATIVE?

That leaves over \$80,000,000 still to raise. I ask: Where is the alternative proposition brought forward by hon. gentlemen opposite? I have shown conclusively that unless we are going to dishonour the Government by breaking contracts entered into by hon. gentlemen opposite in regard to large public works in this country, unless we are going to stop all expenditure of money upon public works and turn hundreds, if not thousands, of men out of employment whom we would have to support afterwards by means of relief work, we must raise additional revenue.

No suggestion of a feasible character is forthcoming from any hon. gentlemen opposite. The only hon. gentleman opposite—and I honour him for it—who came forward with a suggestion—and I now propose to show that it is entirely not feasible—was the hon. member for Saltcoats (Mr. MacNutt). I did not have the pleasure of listening to the hon. gentleman yesterday, although I read his remarks, and as I understand him he said that we should have raised the additional revenue required by an income tax and a tax upon land. I dealt with the income tax proposition in the Budget, and I pointed out conclusively that upon the basis of the American income tax upon individuals we could not hope to raise more than \$2,000,000. I pointed out another consideration. Municipalities and provinces assess individuals upon income. I see in the reports in the papers that the province of Ontario and the province of Nova Scotia are imposing a tax upon